

## PUBLIC HEARING SIGN-UP SHEET

DATE/TIME: MARCH 28, 2023 @ 6:00PM STAFF: LRA, NUK, CAY, ALA

CITY/ISLAND: Lihue, Kauai

PLACE/ADDRESS: King Kaumuali'i Elementary School Cafeteria; 4380 Hanamaulu Road

DOCKET NO./APPLICANT: 2022-0208/Kauai Island Utility Cooperative

SUBJECT: Application for Approval of Rate Changes and Increases, Revised Rate Schedules and Rules, and Other Matters

(PLEASE PRINT)

	NAME	ORGANIZATION
1.	David Bissell	KIUC
2.	DEAN NISHINA	DIV. OF CONSUMER ADVOCACY
3.	David A. Paulson	INDIVIDUAL
4.	<del>Rachel Franzen</del>	<del>Individual</del>
		* wanted clarification
5.	Elizabeth Franzen	Self

	NAME	ORGANIZATION
6.	GARY RODRIGUES	
7.	WALT BARNES	self
8.	DAN GIOVANNI	self
9.	Adrienne Tsuchiyama	self & Ohana
10.	<del>Van Warner</del>	<del>self</del>
		* decided not to testify
11.	Dennis Esaki	Self
12.	Titus Bontea	Self

	NAME	ORGANIZATION
13.	Maureen Bontea	
14.	Steve Parsons	Kauai Climate Action Coalition
15.	Bridget Hammerquist	F.O.M Friends of Maha'ulepu
16.	KEN TAYLOR	Self
17.	Mike Yamane	
18.	Lorraine Osterer	
19.		

	NAME	ORGANIZATION
20.		
21.		
22.		
23.		
24.		
25.		
26.		



# Public Utilities Commission Docket No. 2022-0208

Kaua'i Island Utility Cooperative  
Application for Rate Changes and Increases, Revised Rate  
Schedules and Rules, and Other Matters

March 28, 2023



# ❖ KIUC Background

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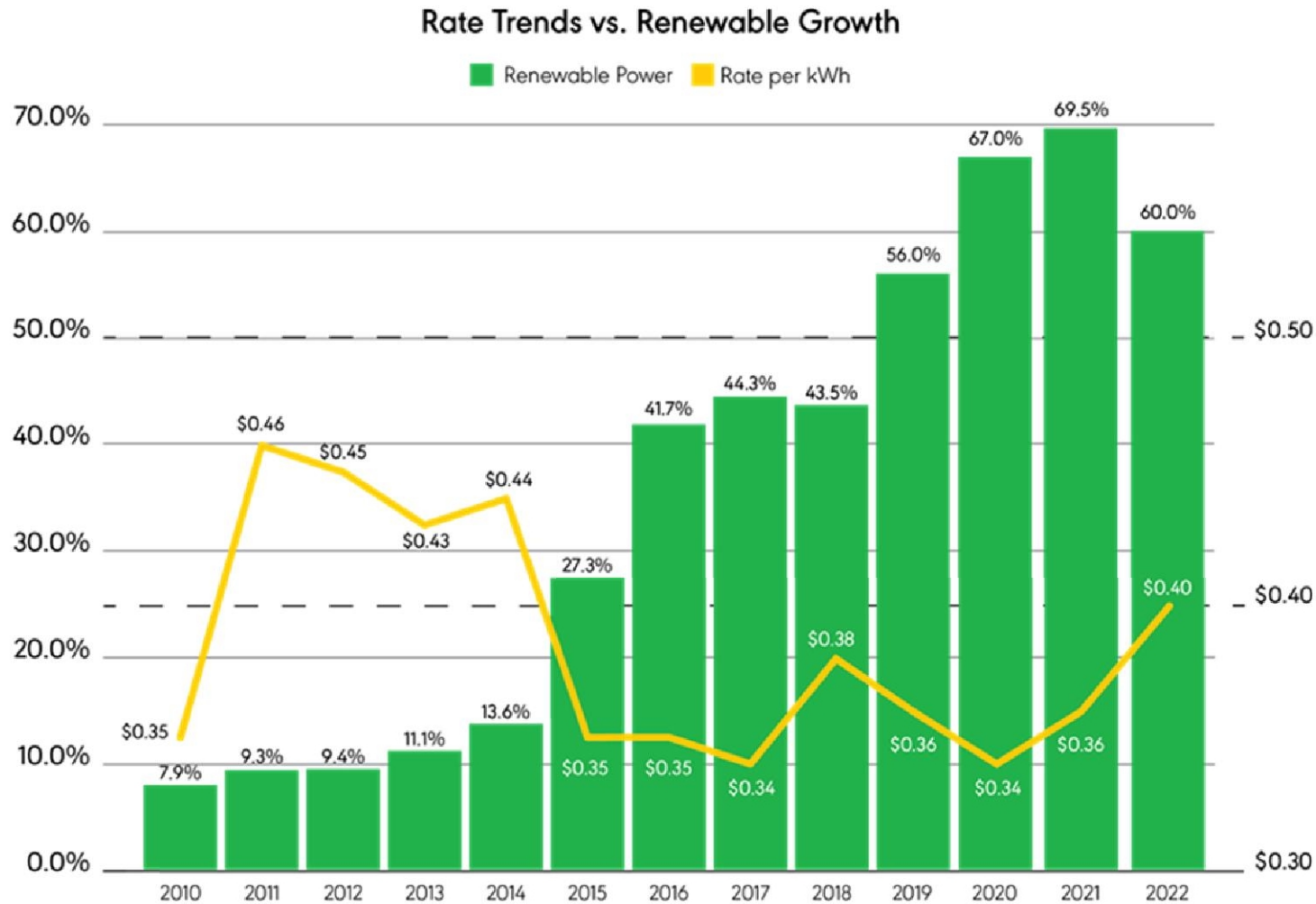
- ❖ Cooperative versus Investor-Owned Utility (IOU)
- ❖ Patronage capital allocation and retirement process and its impact in ratemaking
- ❖ KIUC governance and role of the Board of Directors



# Accomplishments since 2010

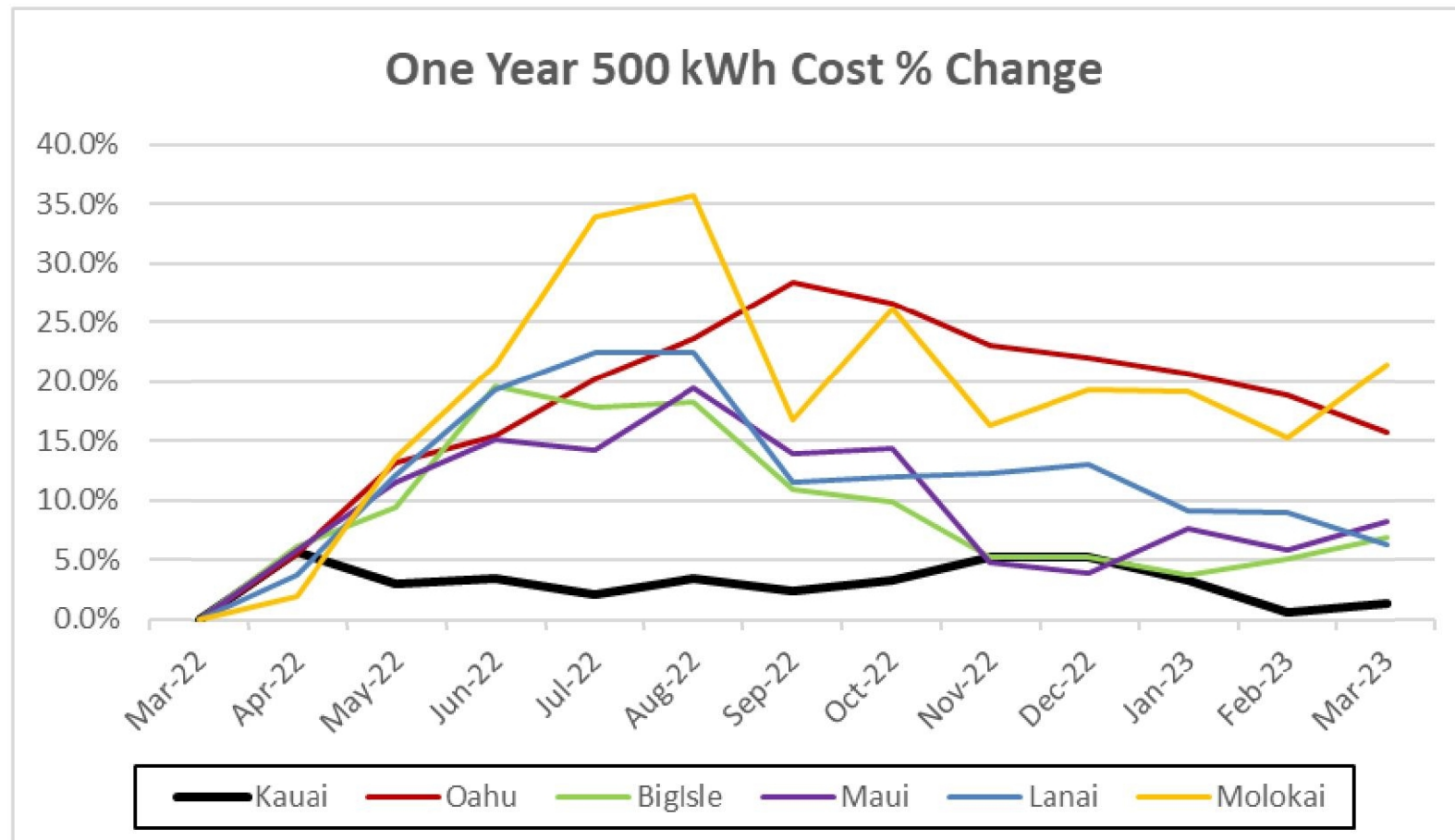
- ❖ Leads Hawai‘i in renewable generation reaching 70% in 2021
  - ❖ 2022 renewable level about 60%, saving \$40 million vs. 100% oil
  - ❖ In 2010 KIUC was 7.9% renewable
- ❖ Lowest electric rates in Hawai‘i for almost a year
- ❖ Reliability best in state for last two years
- ❖ Recognized through-out industry as leader in renewable energy
- ❖ Over \$20 million refunded to members in patronage capital retirements since 2010 and \$37.2 million since formation
  - ❖ Refunded \$1.5 million in 2020 and \$1.3 million in 2021 during midst of Covid restrictions

# Renewable and Rate Stabilization



# Residential Rate Trends

*Renewable development protects us from oil price spikes*





# What Revenue Increase is KIUC Requesting?

- ❖ First base rate increase request since 2010
- ❖ Net increase in revenues of \$16.7 million
- ❖ The request represents approximately a 9.42% increase in electric revenue of \$177 million at current rates for the Test Year ( $\$16.7 \text{ million} / \$177 \text{ million}$ )
- ❖ Under the proposal, revenues from most rate classes would increase approximately 9.4% compared to the Test Year

# Why is a Rate Increase Needed?

- ❖ Between 2010 and 2023
  - ❖ Sales have been essentially flat
    - ❖ 4.9% increase overall or 0.37% yearly
  - ❖ 37% increase in inflation
- ❖ Operations and maintenance costs have increased \$10.8 million\*
  - ❖ Endangered species costs have increased by \$3 million (\$4.9 million total)
- ❖ Recovery of previously deferred items
  - ❖ Lost Gross Margin \$12.8 million over 10 years or \$1.28 million yearly
  - ❖ Pension costs \$9.5 million over 10 years or \$.95 million yearly
- ❖ Depreciation rate study increased depreciation expense \$2 million
- ❖ Energy Rate Adjustment Clause (ERAC) modification needed to reflect impact of increased renewable generation
- ❖ Projected net margin of negative \$7.1 million without rate increase

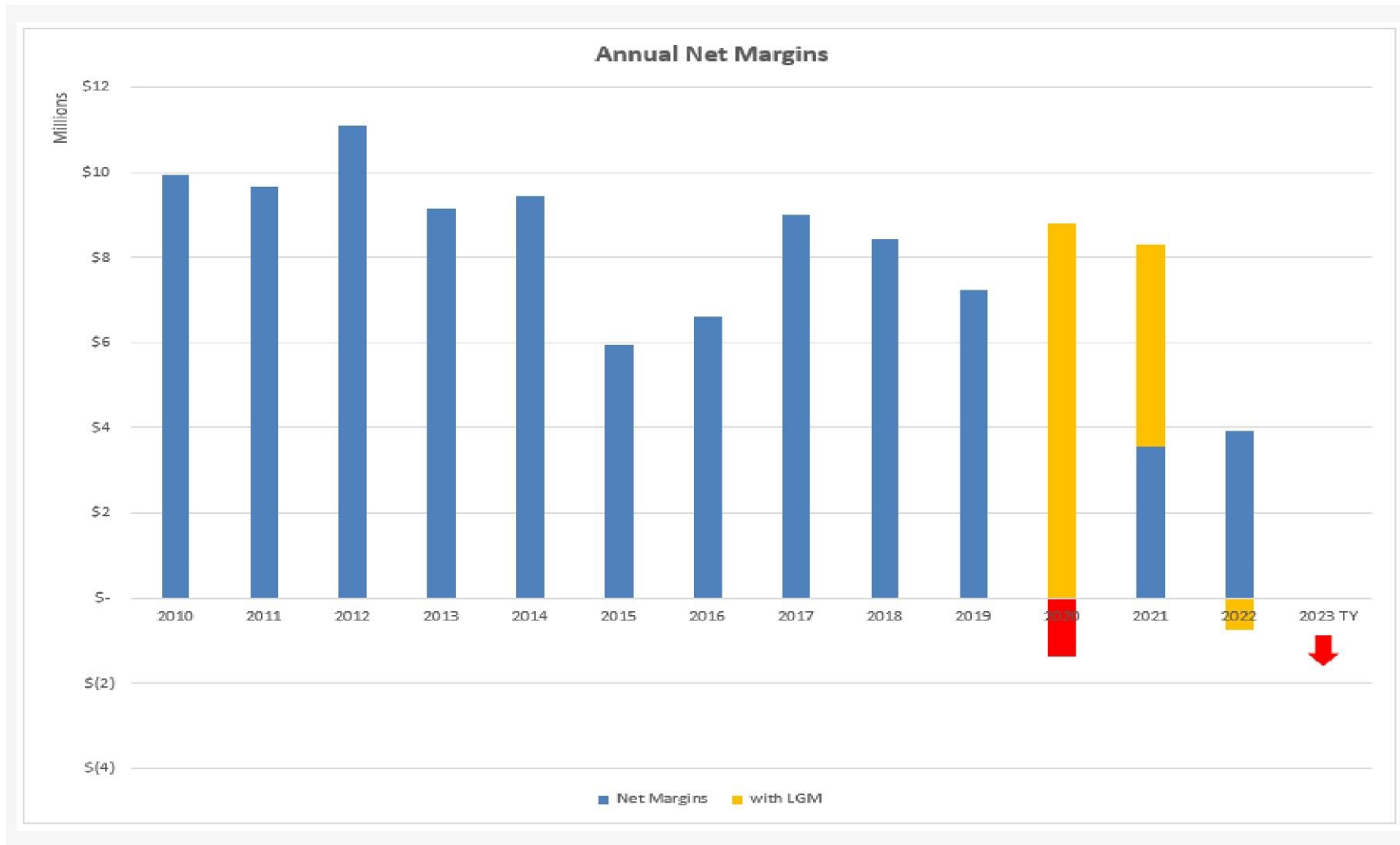
\*Excluding fuel and purchase power, habitat conservation plan, rate case, and pension regulatory asset

# How has KIUC avoided an increase for so long?

- ❖ Cost control- KIUC has held cost increase to inflation
  - ❖ Reduced staffing from 163 to 143 since 2010
- ❖ Debt restructuring and interest rate reduction
  - ❖ Annual interest expense on long term debt has declined from \$9.1 million to \$6.7 million
  - ❖ Loan term modifications reduce debt service payments by \$5.5 million per year
- ❖ Paycheck Protection Program- received \$2.8 million
- ❖ Lost Gross Margin-deferred recovery of \$12.8 million



# Annual Net Margins



# What would happen if rate increase denied?

- ❖ Lender requirement for financial performance likely not met
  - ❖ Projected net margin of negative \$7.1 million
  - ❖ Debt Service Coverage Ratio of .98 (lenders requires 1.25)
  - ❖ Loss of ability to obtain capital to fund system improvements and respond to emergencies such as a hurricane
- ❖ Reduction in service levels and staffing, reduced equipment maintenance, tree-trimming, etc. Overall reliability decline
- ❖ Renewable transition restricted or prevented, and more fossil fuel would be burned
- ❖ Challenge to comply with endangered species protection requirements

# Schedule "D" - Residential

RATE ELEMENT	DESCRIPTION	PRESENT RATES	PROPOSED RATES	\$ CHANGE	% CHANGE
Non-Fuel Energy Charge	per kWh (all kWh)	\$ 0.15600	\$ 0.21019	\$ 0.05419	34.74%
Fuel and Purchased Power Energy					
Base Fuel Charge	per kWh (all kWh)	\$ 0.19143	\$ 0.20188	\$ 0.01045	5.46%
Energy Rate Adjustment Clause	per kWh (all kWh)	\$ 0.03261	\$ -	\$ (0.03261)	-100.00%
Customer Charge	per customer per month	\$ 10.58	\$ 13.50	\$ 2.92	27.60%

AVERAGE CUSTOMER BILL	DESCRIPTION	PRESENT RATES	PROPOSED RATES	\$ CHANGE	% CHANGE
Monthly Usage	in kWh	500	500		
Non-Fuel Energy Charge	per kWh (all kWh)	\$ 78.00	\$ 105.10		
Fuel and Purchased Power Energy Charge					
Base Fuel Charge	per kWh (all kWh)	\$ 95.72	\$ 100.94		
Energy Rate Adjustment Clause	per kWh (all kWh)	\$ 16.31	\$ -		
Customer Charge	per customer per month	\$ 10.58	\$ 13.50		
<b>Schedule "D" - Impact to Average Customer Bill</b>		<b>\$ 200.60</b>	<b>\$ 219.54</b>	<b>\$ 18.93</b>	<b>9.4%</b>



# Schedule "G" – General Light and Power Service

RATE ELEMENT	DESCRIPTION	PRESENT RATES	PROPOSED RATES	\$ CHANGE	% CHANGE
Non-Fuel Energy Charge	per kWh (all kWh)	\$ 0.16626	\$ 0.22599	\$ 0.05973	35.93%
Fuel and Purchased Power Energy					
Base Fuel Charge	per kWh (all kWh)	\$ 0.19143	\$ 0.20188	\$ 0.01045	5.46%
Energy Rate Adjustment Clause	per kWh (all kWh)	\$ 0.03260	\$ -	\$ (0.03260)	-100.00%
Customer Charge	per customer per month	\$ 23.82	\$ 25.00	\$ 1.18	4.95%

AVERAGE CUSTOMER BILL	DESCRIPTION	PRESENT RATES	PROPOSED RATES	\$ CHANGE	% CHANGE
Monthly Usage	in kWh	1,130	1,130		
Non-Fuel Energy Charge	per kWh (all kWh)	\$ 187.87	\$ 255.37		
Fuel and Purchased Power Energy Charge					
Base Fuel Charge	per kWh (all kWh)	\$ 216.32	\$ 228.12		
Energy Rate Adjustment Clause	per kWh (all kWh)	\$ 36.84	\$ -		
Customer Charge	per customer per month	\$ 23.82	\$ 25.00		
<b>Schedule "G" - Impact to Average Customer Bill</b>		<b>\$ 464.85</b>	<b>\$ 508.49</b>	<b>\$ 43.64</b>	<b>9.4%</b>

# Schedule "J" – General Light and Power Service

RATE ELEMENT	DESCRIPTION	PRESENT RATES	PROPOSED RATES	\$ CHANGE	% CHANGE
Non-Fuel Energy Charge	per kWh (all kWh)	\$ 0.13247	\$ 0.18456	\$ 0.05209	39.32%
Fuel and Purchased Power Energy					
Base Fuel Charge	per kWh (all kWh)	\$ 0.19143	\$ 0.20188	\$ 0.01045	5.46%
Energy Rate Adjustment Clause	per kWh (all kWh)	\$ 0.03256	\$ -	\$ (0.03256)	-100.00%
Customer Charge	per customer per month	\$ 39.69	\$ 40.00	\$ 0.31000	0.78%
kW Demand Charge	per kW of monthly demand	\$ 6.62	\$ 8.28	\$ 1.66000	25.08%

AVERAGE CUSTOMER BILL	DESCRIPTION	PRESENT RATES	PROPOSED RATES	\$ CHANGE	% CHANGE
Monthly Usage	in kWh	13,489	13,489		
Demand Factor	in kW	49	49		
Non-Fuel Energy Charge	per kWh (all kWh)	\$ 1,786.84	\$ 2,489.46		
Fuel and Purchased Power Energy					
Base Fuel Charge	per kWh (all kWh)	\$ 2,582.13	\$ 2,723.08		
Energy Rate Adjustment Clause	per kWh (all kWh)	\$ 439.18	\$ -		
Customer Charge	per customer per month	\$ 39.69	\$ 40.00		
kW Demand Charge	per kW of monthly demand	\$ 323.50	\$ 404.62		
<b>Schedule "J" - Impact to Average Customer Bill</b>		<b>\$ 5,171.34</b>	<b>\$ 5,657.16</b>	<b>\$ 485.82</b>	<b>9.4%</b>



# Schedule "LP" – Large Power Service\*

## SCHEDULE "L"

RATE ELEMENT	DESCRIPTION	PRESENT RATES	PROPOSED RATES	\$ CHANGE	% CHANGE
Non-Fuel Energy Charge	per kWh (all kWh)	\$ 0.10807	\$ 0.16549	\$ 0.05742	53.13%
Fuel and Purchased Power Energy					
Base Fuel Charge	per kWh (all kWh)	\$ 0.19143	\$ 0.20188	\$ 0.01045	5.46%
Energy Rate Adjustment Clause	per kWh (all kWh)	\$ 0.03371	\$ -	\$ (0.03371)	-100.00%
Customer Charge	per customer per month	\$ 355.08	\$ 355.00	\$ (0.08000)	-0.02%
kW Demand Charge	per kW of monthly demand	\$ 13.94	\$ 14.90	\$ 0.96000	6.89%

## SCHEDULE "P"

RATE ELEMENT	DESCRIPTION	PRESENT RATES	PROPOSED RATES	\$ CHANGE	% CHANGE
Non-Fuel Energy Charge	per kWh (all kWh)	\$ 0.11792	\$ 0.16549	\$ 0.04757	40.34%
Fuel and Purchased Power Energy					
Base Fuel Charge	per kWh (all kWh)	\$ 0.19143	\$ 0.20188	\$ 0.01045	5.46%
Energy Rate Adjustment Clause	per kWh (all kWh)	\$ 0.03356	\$ -	\$ (0.03356)	-100.00%
Customer Charge	per customer per month	\$ 369.38	\$ 355.00	\$ (14.38000)	-3.89%
kW Demand Charge	per kW of monthly demand	\$ 11.14	\$ 14.90	\$ 3.76000	33.75%

\* KIUC proposes to combine Schedules "L" and "P" into a new Schedule "LP" and removed tiered rates.

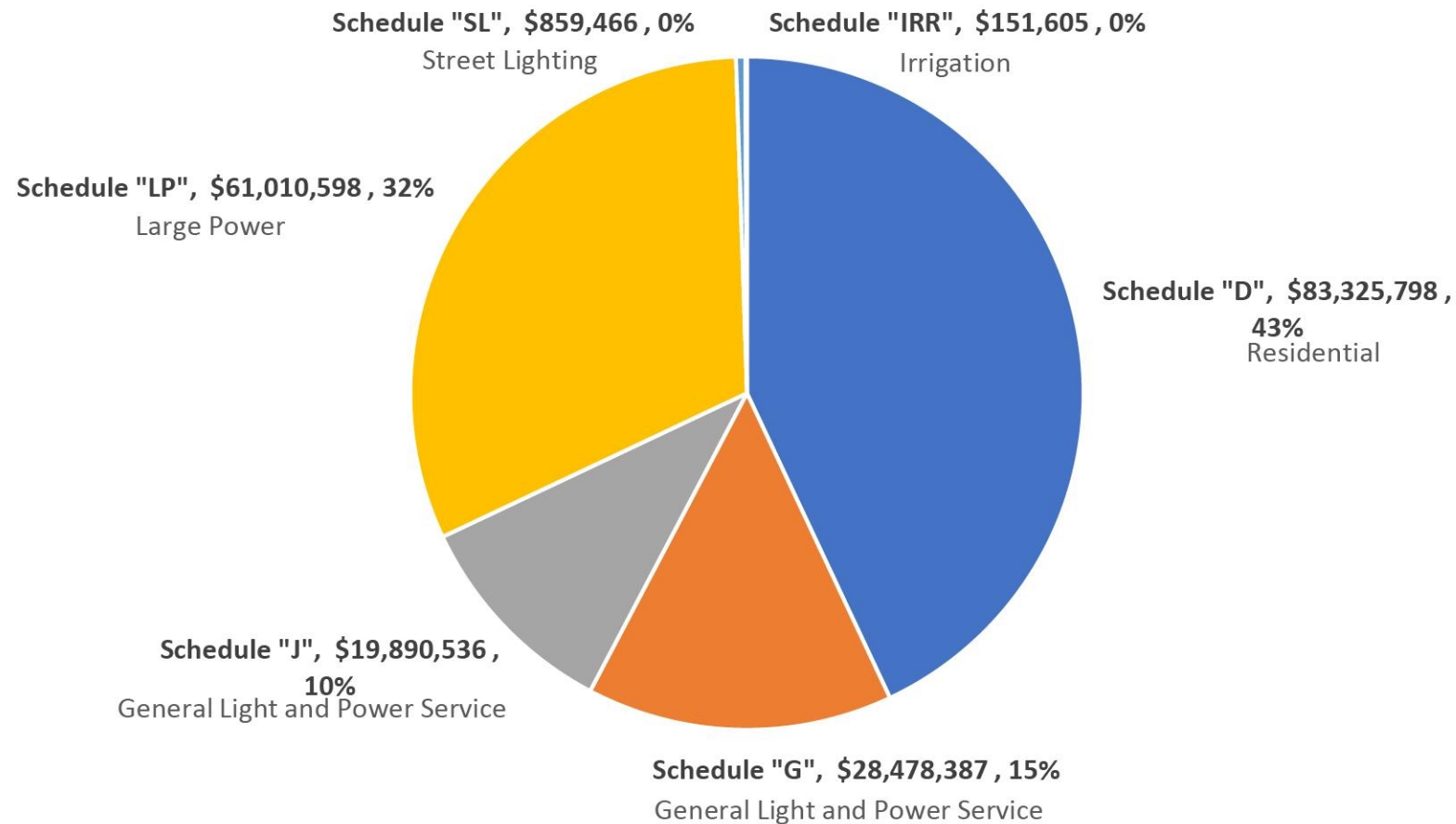
# Schedule "SL" – Street Lighting

RATE ELEMENT	DESCRIPTION	PRESENT RATES	PROPOSED RATES	\$ CHANGE	% CHANGE
<b>Fixture Charge</b>					
Standard incandescent fixtures <= 4,000 lumens	per fixture per month	\$ 3.63	\$ 4.54	\$ 0.91000	25.07%
Standard mercury vapor fixtures <= 21,000 lumens	per fixture per month	\$ 6.25	\$ 7.81	\$ 1.56000	24.96%
Standard high pressure sodium vapor fixtures					
<= 100 watt	per fixture per month	\$ 6.25	\$ 7.81	\$ 1.56000	24.96%
101-150 watt	per fixture per month	\$ 6.25	\$ 7.81	\$ 1.56000	24.96%
151-200 watt	per fixture per month	\$ 6.47	\$ 8.09	\$ 1.62000	25.04%
201-250 watt	per fixture per month	\$ 6.47	\$ 8.09	\$ 1.62000	25.04%
251-400 watt	per fixture per month	\$ 6.75	\$ 8.44	\$ 1.69000	25.04%
Standard light emitting diode (LED) fixtures					
<= 45 watt	per fixture per month	\$ 8.18	\$ 10.23	\$ 2.05000	25.06%
46-98 watt	per fixture per month	\$ 8.48	\$ 10.60	\$ 2.12000	25.00%
99-130 watt	per fixture per month	\$ 8.57	\$ 10.71	\$ 2.14000	24.97%
<b>Energy Charge</b>					
		per kWh	per kWh		
Non-Fuel Energy Charge	per kWh (all kWh)	\$ 0.22387	\$ 0.31166	\$ 0.08779	39.21%
Base Fuel Charge	per kWh (all kWh)	\$ 0.19143	\$ 0.20188	\$ 0.01045	5.46%
Energy Rate Adjustment Clause	per kWh (all kWh)	\$ 0.03255	\$ -	\$ (0.03255)	-100.00%



# 2023 Revenues at Proposed Rates by Class

Sales by Class







# Summary

- ❖ KIUC has only increased base rates once in 20 years
- ❖ Must maintain compliance with lender requirements regarding financial stability
- ❖ Inflation and higher interest rates will likely continue to increase costs
- ❖ Endangered species compliance costs continue to rise
- ❖ Sales growth projected at low to modest
- ❖ Additional renewables should continue to stabilize rates



# Mahalo!

For further information see KIUC's rate case website address:  
(<https://www.kiuc.coop/ratecase>)

For rate case questions:  
(DBissellrc22@KIUC.Coop)

**PUBLIC HEARING  
KAUAI ISLAND UTILITY COOPERATIVE  
DOCKET NO. 2022-0208**

**Presentation of Dean Nishina, Acting Executive Director  
Division of Consumer Advocacy  
Tuesday, March 28, 2023, 6:00 pm  
At King Kaumuali'i Elementary School Cafeteria  
4380 Hanamaulu Road  
Lihue, Hawaii 96766**

Good evening Chair Asuncion, Commissioners Kuwaye and Yost, and members of the community. My name is Dean Nishina, Acting Executive Director for the Division of Consumer Advocacy in the Department of Commerce and Consumer Affairs, also known as the Consumer Advocate. The Consumer Advocate represents the interests of the consumers in public utility matters by advocating for reliable utility services at reasonable customer costs. I am here this evening to listen to the consumers' comments and concerns regarding Kauai Island Utility Cooperative's (or KIUC) request for approval of an overall revenue requirement increase of \$16.7 million, which is an approximate increase of 9.42% over the estimated revenues that would be collected over present rates. KIUC's last rate case was filed in 2009 and KIUC now asserts that there are various factors that justify the proposed rate increase, including but not limited to increasing expenses, many investments made since its last rate case, and its request to recover the lost gross margin due to COVID-19 impacts. If approved, the rate increase would allow KIUC to achieve a debt service coverage ratio of 1.75, which will be 50 points higher than the minimum ratio required under KIUC's debt covenants.

The Consumer Advocate intends to take an independent look at KIUC's proposed rate increase of over 9% and its other requests in the application to determine whether those requests are reasonable. We will evaluate whether there is a justified need for the proposed increases in rates and whether the proposed rates are just, reasonable and

necessary to ensure the provision of reliable service. As part of our analysis, we will conduct discovery, where we will request additional data and information to evaluate KIUC's support for the requested rate increase. While we have begun our investigation, we have not completed our analysis and are not able to state a position on the merits of KIUC's request at this time. After completing our review, we will submit the results of our analyses and recommendations to the Public Utilities Commission. When we submit our recommendations to the Public Utilities Commission, additional procedural steps, such as an evidentiary hearing and briefs, may be required to assist the Public Utilities Commission in reaching their final decision on KIUC's requested relief.

Tonight, however, we are here to listen to the community's concerns and comments regarding the proposed rate increase. Since the Commission will ultimately rule upon the reasonableness of KIUC's request, we encourage the community to express their opinions and concerns to the Commission and our office regarding KIUC's proposal and the impact that the requested relief might have on you. Your input is important because only you can tell us what effect KIUC's proposal may have on you and the businesses you may represent. This will assist the Consumer Advocate and the Public Utilities Commission in our work.

As we move forward, please feel free to contact the Consumer Advocate's office at any time to share your thoughts, concerns, and questions regarding this or any other utility matter.



Public Hearing Testimony  
Docket No. 2022-0208  
March 28, 2023  
Page 3

Our contact information is as follows:

Mail	Post Office Box 541, Honolulu, Hawaii 96809
E-mail	<a href="mailto:consumeradvocate@dcca.hawaii.gov">consumeradvocate@dcca.hawaii.gov</a>
Phone	(808) 586-2800
Fax	(808) 586-2780

Thank you for the opportunity to offer these comments.





**Friends of Maha'ulepu**

[friendsofmahaulepu.org](http://friendsofmahaulepu.org)

3/28/2023

Public Utilities Commission  
465 South King Street, Room No. 103  
Honolulu, Hawaii 96813  
[puc.comments@hawaii.gov](mailto:puc.comments@hawaii.gov)

RE: Docket No. 2022-0208 – KIUC's Application for Rate "changes and increases, revised rate schedules, and changes to its tariff" Application and Exhibits, Exhibit 10

Aloha Commissioners,

Please accept the following comment filed on behalf of our many rate payer members including myself. The following points are offered for your careful attention as KIUC's proposed rate hike seeks an increase which, under category D, will result in rate payer electric bills increasing 18.5 – 20% per month. In their Public Notice, the cost to residential rate payers for each kilowatt hour consumed markedly increases over that projected for the commercial rate payer. Thus, while their Notice reports an overall rate increase of 9.7% when all categories of rate payers are considered, a study of the impact to the residential rate payer reveals the residential sector of our community will truly bare the brunt of this rate hike if approved by the PUC.

Not only is KIUC's Application unconscionable in a time when the cost of living has been hit hard by recent inflation, but it is directly contrary to the Policies and Goals of Kauai County General Plan Update (the Plan). The County's General is statutorily mandated and required by the County Charter:

"The General Plan establishes priorities for managing growth and community development over a 20-year planning timeframe. In addition to being required by State Law, the County Charter instructs that the General Plan guide future action concerning land use and development regulations, urban renewal programs, and expenditures for capital improvements. .... The update of the General Plan also presents the opportunity to look at the County as a whole and make consensus-based decisions about issues and opportunities pertaining to growth." Kauai County General Plan Update page 23

When the General Plan Update was adopted by Kauai County Council and its Mayor, the first principle articulated was the overarching community desire to preserve the rural nature of Kauai while controlling development:

"POLICY #1: MANAGE GROWTH TO PRESERVE RURAL CHARACTER"

"Because our population will grow, we need to manage growth in a way that is sustainable and preserves our character." Kauai County General Plan Update page 38

Sustaining the rural nature of Kauai as a principal policy underlining and running throughout the entire General Plan is evident from the fact that this policy, preservation of Kauai's rural character, is discussed 90 times in the Plan. Another compelling policy of the Plan is the clear intent to lower the cost of living on Kauai:

**"POLICY #6: REDUCE THE COST OF LIVING"**

"...our community continues to struggle with the "Price of Paradise.""Kauai County General Plan Update page 42

Obviously that policy is contrary to the 19% proposed rate hike, let alone the aggregate rate hike of 9.7%. Before the Plan was adopted extensive community input was obtained from Public Comments, Community Action Committee's reports, as well as island wide surveys conducted by off island community planning firm. Public and census data were studied and by the time the Plan was completed it reported a projected growth on Kauai of 1% per year between 2015 and 2035:

"Total population for the County is projected to increase to 88,013 by 2035...or approximately one percent a year." Kauai County General Plan Update page 26

When island infrastructure was studied by an off-island engineering firm, potable water, wastewater, roads for traffic and solid waste were each found to be seriously compromised. Electrical service was not reported as compromised or in need of expansion. In fact, the Plan reported that KIUC "was already" well on its way to meeting the State's renewable energy goal.

"Clean energy in the electricity sector **already** provides local jobs, helps stabilize electricity costs, and reduces dependence on imported fossil fuels." Emphasis added. Kauai County General Plan Update page 189

KIUC's *Currents* magazine has regularly reported to rate payers that they are ahead of the curve in meeting the goal for non-fossil fuel energy production. Prior to KIUC's Notice of its intent to develop a new hydro power plant and a new pump storage facility, rate payers were given the impression that all the green energy production would likely lower their monthly electric bill. What is the real reason behind the requested rate hike? It is difficult to believe the rate hike and the two large hydro power plants planned for the West side of Kauai, costing multiple millions, are unrelated. How can a small island's population bare the great burden KIUC proposes to impose when our rates are some, if not the highest, in the Country. The proposed rate hike will not reduce the cost of living for anyone on Kauai and our Kapuna will bare the brunt of a large portion of the increase because they make up much of our community while living on fixed incomes:

"Kaua'i's population is aging. About one third of Kaua'i's population will be 65 and over in 2035. In comparison to the other counties, Kaua'i has a relatively high median age and a higher percentage of older adults." Kauai County General Plan Update page 48

Our community needs your help, for the residents now and those to come, a near 20% increase will drive more work force and Kauai residents off-island. An extremely large increase that will never likely be reduced. Kauai's electric rates are reported as one of the highest in the US (Plan 558). The PUC should not approve any rate hikes for the island of Kauai.

*Mahalo Nui Loa,*

  
Bridget Hammerquist, President

*On behalf of Friends of Maha'ulepu*  
*P.O. Box 1654*  
*Koloa, Kaua'i, Hawai'i 96756*